

was to be raised by means of loans to be obtained from the directors and the loans were to be negotiated through bonds of the State for which the credit of the State was pledged. The first block of \$5,000,000 in bonds was sold at par through Nicholas Biddle, president of the Bank of the United States. The bank management exercised the worst possible judgment in loans and advances and the bank ran its course within four years. Post notes were issued, on account of the suspension of specie payments, and the issues of the bank and its six branches had increased in April, 1840, to \$3,337,665. The other banks vied with the Union Bank in the issue of currency and at the close of 1839 the twenty-six banks in the State professed to have a paid up capital of \$30,379,403, loans and discounts of \$48,333,728 and a circulation of \$15,171,639. As the free white population of the State at that time was only 170,000, the alleged paid-up capital equalled \$180 per capita, loans and discounts \$285, and circulation nearly \$90. The State repudiated her obligations on the bonds issued and never attempted to pay them. The results upon the community are thus set forth by Mr. Henry V. Poor:¹

The \$48,000,000 of loans were never paid ; the \$23,000,000 of notes and deposits never redeemed. The whole system fell, a huge and shapeless wreck, leaving the people of the State very much as they came into the world. Their condition at the time beggars description. Society was broken up from its very foundations. Everybody was in debt, without any possible means of payment. Lands became worthless, for the reason that no one had any money to pay for them. The only personal property left was slaves, to save which, such numbers of people fled with them from the State that the common return upon legal processes against debtors was in the very abbreviated form of "G. T. T.," *gone to Texas*,—a State which in this way received a mighty accession to her population.

Several other Southern and Western States went through similar experiences. The Union Bank of Florida, chartered by the territorial government on February 12, 1833, with a capital of \$1,000,000, was assisted by the issue of State bonds.,

¹ *Money and Its Laws*, 540.